headed by Shri R. N. Malhotra, former Governor of Reserve Bank of India, was set up by the Government of India in April 1993 to suggest reforms in the Insurance Sector aimed at introducing a more competitive environment subject to suitable regulation and supervision. The Committee will consider, among other things, the issues raised in the Question. The recommendations of the Committee which are expected shortly, will be considered by the Government of India thereafter.

Favours shown by Central Bank of India to certain Industries

1420. SHRI SURESH PACHOURI : Will the Minister of FINANCE be pleased to state :

(a) whether RBI has censured Central Bank of India and its Chairman-cum-Managing Director for showing favours to certain industries during 1991-92 ;

(b) if so, what are the details of favours shown and whether any concrete steps have been taken to punish those held responsible ; and

(c) what are the directions issued by RBI to the banks to avoid such frauds and favours in future ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) Reserve Bank of India has reported that it has not censured the Central Bank of India or its Chairman for any alleged undue favours shown to certain industrialists during 1991-92.

(b) and (c) Do not arise.

Financial Restructuring

1421. SHRI SURESH PACHOURI : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that he has stated recently that there is an urgent need for drastic financial restructuring including tax system ;

(b) if so, whether any concrete proposals in this regard have been worked out by Government;

(c) if so, the details thereof; and

(d) by when a decision is likely to be taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) The Government is determined to carry on the process of financial, fiscal and other economic reforms to help full flowering of initiative and enterprise raising productivity of capital land and labour continuously and improving the living standards of the population.

(b) to (d) A good number of refrom measures seeking restructuring of financial sector has already been initiated. Directions for further reforms in the financial sector over the next 3 years have been outlined in the Discussion paper on Economic Reforms brought out by the Ministry of Finance. They include, inter alia, (a) institutions of speedy and effective loan recovery process (b) a phased reduction in Statutory Liquidity Ratio to 25 per cent and in the Cash Reserve Ratio to 10 per cent, (c) phasing out of ceilings and floors on bank deposit and lending rates and (d) strengthening institutions and procedures for bank supervision.

Financial Controls on Nationalised Banks

1422. SHRI SURESH PACHOURI : Will the Minister of FINANCE be pleased to state :

(a) whether Government are contemplating to ease financial controls on nationalised Banks;

(b) if so, whether Government propose to introduce a legislation in this regard for providing more financial autonomy to the Banks and for slashing Government's own share from 100 percent to 51 percent ; and

(c) if so, to what extent the provisions are likely to help the Banks in implementing their schemes and also in making profits ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) Government propose to permit the nationalised banks to access the capital market to raise fresh equity. This would need amendments to the Banking Companies (Aguisition and Transfer of Undertakings) Act, 1970 and 1980. The relevant amendments are receiving Government's attention. Government will, however, continue to retain majority share-holding in the equity of the nationalised banks.

(c) Assess to the capital market will enable the nationalised banks to meet the capital adequacy norms and also to expand their business which would otherwise be constrained.

Agricultural Debt Relief in Andhra Pradesh

1423. SHRI V. HANUMANTHA RAO : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Andhra Pradesh bank office in West Godavari District of Ahdhra Pradesh have received representations from various agricultural Cooperative credit societies regarding agricultural debt relief for the year 1987-88 ;

(b) whether it is a fact that Andhra Bank is the lead bank in West Godavari District, Andhra Pradesh ;

(c) what steps have been taken by Andhra Bank to properly implement debt relief programmes especially in Polavaram area of West Godavari District ;

(d) whether the Andhra Bank has raised any lacunae or procedural errors in giving effect to this announced debt relief in Polavaram area of West Godavari ;

(e) if not, the reasons for laxity in fulfilling the role of lead bank by Andhra Bank ; and

(f) the steps being taken by Andhra Bank to give effect to this relief ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) to (f) Andhra Bank, which is assigned with the Lead Bank responsibility in West Godavari District of Andhra Pradesh, has reported that it had received representation from a Primary Agricultural Co-operative Society in Polavaram Mandal/Block on non-extension of Debt Relief to the members of their Society. The bank has reported that it had constituted special teams at respective blocks in the District to identify the eligible borrows and receive claim from participating banks in the area to determine their eligibility, as per guidelines framed by Reserve Bank of India/Government. There were no procedural errors or any other lacuna noticed during the course of providing debt relief to all the eligible borrowers in the West Godavari District particularly in Polavaram Area. The Bank has advised all the participating bank branches including the State Co-operative Bank Branches to provide the Debt Relief to all the eligible borrowers as determined by the Block Level Bankers' Committee. As per the guidelines, the eligible borrower must have suffered at least two bad crop years (either consecutively or alternatively) and the said borrower should not be a wilful defaulter to the Bank. District Administration provides Annewari declarations consecutively/alternatively for two years to denote the bad crop as envisaged in the guidelines.

Representations by Residents of I.D.B.I. Quarters

1424. SHRI SUBRAMANIAN SWAMY: Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the employees/residents quarters of Industrial Development Bank of India (IDBI) Ghatkopar,